López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

September 18, 2020

To the Honorable Mayor
and the Municipal Legislature
Municipality of Cidra
Cidra, Puerto Rico

In connection with our audit of the basic financial statements of the **Municipality of Cidra** as of and for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

Also, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatements, we performed test over the **Municipality of Cidra's** compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion or overall compliance with such provisions.

As a result of our evaluation, we noted certain areas where financial matters should be considered, procedures improved and administrative controls strengthened. This memorandum summarizes our comments and suggestions. These comments are not significant enough to be considered significant deficiencies as defined by AU Section 325. "Communicating Internal Control Related Matters Identified in an Audit". A separate report dated September 30, 2020 contains our report on significant deficiencies in the Municipality's internal control structure, and separate report dated September 30, 2020 contain our report on compliance with laws, regulations, contracts, and grants based on an audit of the financial statements. This letter does not affect our report dated September 30, 2020 on the financial statements as of and for the year ended June 30, 2019.

We will hope to provide our services you in the next fiscal year audit. Thank you for your trust in our Firm.

Very truly yours,

Ángel Alfredo López Vega
President

López-Vega, CPA, PSC

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 / Fax (787) 764-9377

I. Financial Matters

A. Payroll and Related Liabilities – Personnel, Employment and Rate Authorizations

Our test of twenty-five (25) employee files revealed the following:

Deviation	Cases
Employee's file does not include the academic evidence.	1

Recommendation:

We recommend that the Municipality should improve its procedures to assure that the Human Resources Department maintains updated employees' files.

B. Expenditures for Goods and Services and Accounts Payable – Purchasing

We performed a cash disbursement test and examined a sample of forty-four (44) disbursement vouchers related to federal and ordinary funds. The following will summarize the situations noted:

Deviation	Cases
The purchase order was prepared after the invoice.	7
The disbursement voucher was not marked as paid.	14
The disbursement vouchers did not include the required signatures.	1
The disbursement was charged to the incorrect account.	4

Recommendation:

We recommend that the Municipality should improve its internal control and procedures in order to assure that all disbursement vouchers contain all supporting documents before making the payment.

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September 18, 2020

To the Honorable Mayor and
the Municipal Legislature
Municipality of Cidra
Cidra, Puerto Rico

In connection with our audit of compliance of the **Municipality of Cidra** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement in Accordance with the Uniform Guidance* applicable to each major federal programs for the year ended June 30, 2019 as identified in the summary of auditors' results section of the schedule of findings and questioned costs, we considered the **Municipality of Cidra's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As a result of our evaluation, we noted certain immaterial matters involving the internal control over compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement in Accordance with the Uniform Guidance* applicable to each major federal programs for the year ended June 30, 2019, as identified in the summary of auditors' results section of the schedule of findings and questioned costs, where procedures should be improved and administrative controls strengthened. This letter summarizes our comments and suggestions. These comments are not significant enough to be considered significant deficiencies as defined by AU Section 801 "Compliance Audit". A separate report dated September 30, 2020 contains our report on compliance with the types of compliance requirements described in *US. Office of Management and Budget (OMB) Compliance Supplement in Accordance with the Uniform Guidance*, and our report on internal control over such compliance requirements. This letter does not affect our report dated September 30, 2020 on the financial statements as of and for the year ended June 30, 2019.

We will hope to provide our services you in the next fiscal year audit. Thank you for your trust in our Firm.

Very truly yours,

Ángel Alfredo López Vega
President
López-Vega, CPA, PSC

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I. Compliance Matters

A. Reporting – Financial Administration

We performed a Reporting Test of the Disaster Grants-Public Assistance Program and revealed the following deviation:

CFDA No.	Deviation	Cases
97.036	There is no evidence of quarterly reports (SF-425, Federal Financial Report) due to a change in system made by the Federal Emergency Management Agency.	1

Recommendation:

We recommend that the Municipality strengthens its internal control procedures in order to keep a copy of all the electronically submitted reports in case there are failures or changes in the system.